call for tenders. Purchase of articles or group of articles upto Rs. 500|- on each occasion may be made without even inviting quotations. Purchase of articles costing between Rs. 501|- to Rs. 5000|- can be made without calling tenders. However in such cases, quotations must be invited. All the Ministries|Departments are required to follow the rules|instructions on the subject.

(d) Yes, Sir. A reference has been received regarding purchase procedure being followed by the Kendriya Bhandar. The same has been forwarded to the Department of Personnel and Training for appropriate action.

(e) Under the General Financial Rules, escalation in respect of labour cost, customs duties, freight, raw materials, etc. can be provided for in the contract, but the basis for the calculation of the same should be clearly indicated. Price escalation in case of raw materials can be allowed only where the prices are controlled| regulated by Government or Government agencies.

(f) and (g) In view of (a) above, the question does not arise.

Irregularities in Bank of credit and Commerce International

1147. SHRI GUNDAPPA KORWAR: Will the Minister of FINANCE be pleased to state:

(a) whether some irregularities in schemes of the Bank of Credit and Commerce International were detected in 1985 and 1986;

(b) if so, whether any action was taken against the bank in this regard;

(c) if so, the details thereof; and

(d) if not, whether Government have taken steps to ensure that strict action is taken against foreign banks on detection of any irregularities committed by them?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) Reserve Bank of India (RBI) has reported that during its inspection of the Bank of Credit and Commerce International (BCCI) with reference to the position as on 22nd February, 1986, the following irregularities were observed in the Scheme known as Customer Funds Management Scheme (CFM), introduced by the bank, whereby the customers placed their funds at the disposal of the Bank for discounting of the bills co-accepted by the bank:—

(i) The funds accepted by the tank under CFM Scheme were to be treated as normal deposits instead of treating them as bills discounted. Accordingly, the Bank should have taken the above funds for calculation of SLR and CRR.

(ii) the co--acceptance of the bills was granted free of commission.

(b) and (c) RBI has intimated that the Bank gave its compliance to RBI's above inspection findings under CFM Scheme. This position was also subsequently confirmed in the RBI's inspection report with reference to its position as on 7th January, 1988. In view of this no action against the Bank was considered necessary by the RBI.

(d) RBI is empowered to take penal action in respect of banks operating in India (including foreign banks) on detection of irregularities committed by them.

Excise duty on pressure cookers

1148. SHRI GUNDAPPA KORWAR: Will the Minister of FINANCE be pleased to state:

(a) whether Government have analysed the results of excise duty imposition on pressure cookers;

(b) if so, the details thereof;